



BILLING CODE 6712-01

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 1

[WT Docket No. 19-38; FCC 22-53; FR ID 99880]

Partition, Disaggregation, and Leasing of Spectrum

AGENCY: Federal Communications Commission.

ACTION: Proposed rule; request for comments.

SUMMARY: In this document, a *Second Further Notice of Proposed Rulemaking* (*Second FNPRM*) seeks comment on whether potential future expansion of the Enhanced Competition Incentive Program (ECIP) for wireless services could further the Congressional goals set out in the Making Opportunities for Broadband Investment and Limiting Excessive and Needless Obstacles to Wireless Act (MOBILE NOW Act). It also proposes a framework for creating alternatives to population-based performance requirements for a variety of wireless radio service stakeholders with communications plans and business models not specifically targeted towards providing commercial wireless service to subscribers. It seeks specific comment on these proposals and a variety of alternatives to develop a robust record on the most efficient approach towards addressing this industry goal. The *Second FNPRM* also seeks comment on how the proposals in the *Second FNPRM* may promote or inhibit advances in diversity, equity, inclusion, and accessibility, as well the scope of the Commission's relevant legal authority.

DATES: Interested parties may file comments on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**; and reply

comments on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: You may submit comments, identified by WT Docket No. 19-38, by any of the following methods:

- *Electronic Filers:* Comments may be filed electronically using the internet by accessing the Commission's Electronic Comment Filing System (ECFS):
<https://apps.fcc.gov/ecfs/>.
- *Paper Filers:* Parties who choose to file by paper must file an original and one copy of each filing.

Filings can be sent by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

- Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
- U.S. Postal Service first-class, Express, and Priority mail must be addressed to 45 L Street, NE, Washington DC 20554.
- Effective March 19, 2020, and until further notice, the Commission no longer accepts any hand or messenger delivered filings. This is a temporary measure taken to help protect the health and safety of individuals, and to mitigate the transmission of COVID-19. See FCC Announces Closure of Headquarters Open Window and Change in Hand-Delivery Policy, Public Notice, DA 20–

304 (March 19, 2020). <https://www.fcc.gov/document/fcccloses-headquarters-open-window-andchanges-hand-delivery-policy>.

People with Disabilities: To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to FCC504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202–418–0530 (voice), 202–418–0432 (TTY).

FOR FURTHER INFORMATION CONTACT: Katherine Patsas Nevitt of the Wireless Telecommunications Bureau, Mobility Division, at (202) 418-0638 or Katherine.Nevitt@fcc.gov. For information concerning the Paperwork Reduction Act of 1995 (PRA) information collection requirements contained in the *Second FNPRM*, contact Cathy Williams, Office of Managing Director, at (202) 418-2918 or Cathy.Williams@fcc.gov or email PRA@fcc.gov.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission’s Second Further Notice of Proposed Rulemaking (*Second FNPRM*) in WT Docket No. 19-38, FCC 22-53, adopted July 14, 2022 and released July 18, 2022. The full text of this document, including all Appendices, is available for inspection and viewing via the Commission’s website at <https://docs.fcc.gov/public/attachments/FCC-22-53A1.pdf> or ECFS by entering the docket number, WT Docket No. 19-38. Alternative formats are available for people with disabilities (Braille, large print, electronic files, audio format), by sending an email to FCC504@fcc.gov or calling the Consumer and Governmental Affairs Bureau at (202) 418–0530 (voice), (202) 418–0432 (TTY).

This proceeding shall continue to be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s *ex parte* rules (47 CFR 1.1200 through

1.1216). Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule § 1.1206(b). In proceedings governed by rule § 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (e.g., .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission's *ex parte* rules.

Initial Paperwork Reduction Analysis

This document contains proposed information collection requirements. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the

general public and the Office of Management and Budget (OMB) to comment on the information collection requirements contained in this document, as required by the Paperwork Reduction Act of 1995, Public Law 104-13. In addition, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, see 44 U.S.C. 3506(c)(4), the Commission seeks specific comment on how it might further reduce the information collection burden for small business concerns with fewer than 25 employees.

Initial Regulatory Flexibility Act Analysis

As required by the Regulatory Flexibility Act of 1980 (RFA), the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities of the policies and rules proposed in the *Second FNPRM*. It requests written public comment on the IRFA, contained at Appendix C to the *Second FNPRM*. Comments must be filed in accordance with the same deadlines as comments filed in response to the *Second FNPRM* as set forth on the first page of this document, and have a separate and distinct heading designating them as responses to the IRFA. The Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, will send a copy of the *Second FNPRM*, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.

Synopsis

A. ECIP Eligibility Expansion

The *Second FNPRM* seeks comment on whether to expand eligibility under the small carrier or Tribal Nation transaction prong of the ECIP to other entities. The initial *Notice of Proposed Rulemaking (NPRM)* was released on March 15, 2019, which initiated this proceeding as directed by Congress to assess whether potential changes to the Commission's partitioning, disaggregation, and leasing rules might provide spectrum

access to covered small carriers or promote the availability of advanced telecommunications services in rural areas. *Partitioning, Disaggregation, and Leasing of Spectrum*, Notice of Proposed Rulemaking, WT Docket No. 19-38, 84 FR 12566, April 2, 2019, 34 FCC Rcd 1758 (2019) (*NPRM*). On November 18, 2021, the Commission released a *Further Notice of Proposed Rulemaking (FNPRM)* that proposed an enhanced competition incentive program. Separate from the incentive program, the *FNPRM* sought comment on potential alternatives to population-based performance requirements and the feasibility of implementing use or share models for opportunistic spectrum use.

Partitioning, Disaggregation, and Leasing of Spectrum, Further Notice of Proposed Rulemaking, WT Docket No. 19-38, 86 FR 74024, December 29, 2021, FCC 21-120 (Nov. 19, 2022) (*FNRPM*). In response, one commenter proposed an expansion of eligibility, beyond small carriers and Tribal Nations, to include certain non-common carriers in the first transaction prong of the ECIP. Wireless Internet Service Providers Association (WISPA) Comments at 3-5. The *Second FNPRM* seeks comment on whether expanding eligibility using our general Title III powers would advance Congressional and Commission goals of facilitating broad deployment of advanced spectrum-based services. Is there a reason that Congress in the MOBILE NOW Act limited the scope of entities that we were directed to consider to those with common-carrier obligations? If we should expand eligibility beyond that called for in the MOBILE NOW Act, what is the appropriate vehicle for expanding eligibility in the small carrier or Tribal Nation transaction prong of the ECIP? Should we create a distinct eligibility designation for non-common carriers as we have done for Tribal Nations?

In considering eligibility expansion, we seek comment on two threshold issues: (1) how to define the specific category of eligible non-common carriers; and (2) what objective measure to determine relative small size is appropriate in this context. WISPA proposed two specific metrics for determining the scope of expansion of eligible entities in the ECIP, including whether an entity: (1) has filed an FCC Form 477 for census blocks that overlap or are adjacent to the license area to be disaggregated, partitioned or leased for at least the two calendar years preceding the transaction; and (2) together with its controlling interests, affiliates, and the affiliates of its controlling interests, has fewer than 250,000 combined wireless, wireline, broadband, and cable subscribers. WISPA Comments at 5. We seek comment on these metrics and whether they strike the appropriate balance in the potential range of expansion, including how these limitations relate to the goals of the program. If not, is there an alternate standard for determining which non-common carriers should be eligible that would achieve the Commission's goals? We note that the Commission has used the 250,000 subscriber benchmark for determining small providers in other contexts, and for determining rural service providers eligibility for a bidding credit in certain spectrum auctions, and we seek comment on whether subscriber count, as opposed to employee numbers, would be an appropriate measure of size for purposes of participation in ECIP as a small entity. The Commission has previously used the 250,000 subscriber benchmark as evidence of being a small communications provider. *See Small Business Exemption from Open Internet Enhanced Transparency Requirements*, GN Docket No. 14-28, Order, 32 FCC Rcd 1772, 1772, para. 1 (2017). The House and the Senate Committee on Commerce, Science and Transportation have also passed bills using the 250,000 subscriber benchmark to

designate small broadband providers. *See* Small Business Broadband Deployment Act, H.R. 4596, 114th Cong. section 2(d)(2) (2016); Small Business Broadband Deployment Act, S. 2283, 114th Cong. section 2(a)(4). The Commission has also used the 250,000 subscriber benchmark as a metric for entities to qualify for the rural service provider bidding credit in certain spectrum auctions. 47 CFR 1.2110(f)(4)(i) (defining an eligible rural service provider as having, together wireless, wireline, broadband, and cable subscribers and serving predominantly rural areas); *Updating Part 1 Competitive Bidding Rules*, WT Docket No. 14-170, Report and Order, 80 FR 56764, September 18, 2015, 30 FCC Rcd 7493, 7534-7535, para. 98 (2015). Typically, absent Small Business Administration approval for a different size standard, the Commission would consider a wireless provider to be small if it has 1,500 or fewer employees. *See* 13 CFR 121.201, North American Industry Classification System (NAICS) Code 517312. Is there an alternate approach for determining whether a non-common carrier is considered sufficiently small for purposes of ECIP?

Are there alternate proposals that we should consider for expanding eligibility to non-common carriers or any other class of users? If commenters believe an alternative proposal merits consideration, they should describe with specificity the precise proposal for expansion of eligibility in the small carrier or Tribal Nation transaction prong, the effects of applying any rule changes to entities that are non-common carriers, whether or not the Commission should adjust rules to better meet the goals in this proceeding of facilitating secondary markets transactions, and the costs and benefits of such an approach.

B. Alternative to Population-Based Construction Requirements

The *Second FNPRM* seeks further comment on, and proposes a structure for, the establishment of an alternate construction requirement and renewal standard for wireless radio service (WRS) licensees with communications needs less suited to population-based requirements. In most auctioned flexible services, licensees are required to meet population coverage performance benchmarks at an interim and final stage, which results in not having to provide signal coverage and service over the entire geographic area of the license. We note that the Commission has departed from providing the “substantial service” option that was available to many licensees as an alternative to population coverage in certain services, in large part because the subjective nature of the term “substantial” created uncertainty over both its fulfillment and enforcement. Commenters generally supported adoption of alternate requirements that were flexible and tailored to the unique needs and challenges of the applicable geographic area or entity, but advanced limited specific proposals beyond advocating a metric of less than 100 percent coverage. Additionally, while the record puts forward various general safe-harbor proposals, none of these proposals provide more certainty or objectivity than the “substantial service” standard. To facilitate industry-requested regulatory certainty, we seek further comment on specific details and potential real-world application of an alternative safe harbor and appropriate metrics that will balance the industry’s desire for certainty while not resulting in spectrum lying fallow.

Alternate Requirement for Private Networks. We note that commenters described the need for alternative requirements in cases where a licensee is putting spectrum to use for private, internal radio communications associated with its business functions. We acknowledge that, in these instances, the geographic area of the license might be more

expansive than the desired area of operation, and that a population-based construction metric might not align with the intended area of operation, increasing the difficulty in meeting population coverage requirements. In addition, such licensees would need to meet not only construction requirements in the initial license term, but also the renewal requirements. In cases where licenses are obtained in the secondary market, renewal safe harbors may not be available to this type of licensee, potentially resulting in a chilling of potential transactions based on the uncertainty as to whether renewal obligations can be met.

We recognize that an alternative approach may benefit parties acquiring a license in the secondary market, which in many cases might occur after an interim performance benchmark is met, but prior to the end of term performance benchmark and/or renewal deadline. To benefit licensees seeking to meet private communications needs, we propose, and seek further comment on, an alternate, demand-based construction requirement. We propose to modify our renewal safe harbor to include “demand-based initial construction.” We also propose that, to meet the alternate construction requirement and to qualify for the modified renewal safe harbor, the licensee must show that its licensed area is entirely covered through the sum of the following three zones: a core usage zone, an expansion zone, and a protection zone.

We propose that the network must include a core usage zone where all the spectrum is actively used to meet private, internal communications needs. We expect that the licensed area subject to an alternative benchmark will vary in size, depending on, for example, whether the license was acquired through auction or through partition and/or disaggregation. We thus do not propose a standard minimum or maximum size for this

core usage area, consistent with our goal of permitting each entity the flexibility to define the usage area tailored to its specific needs. We seek comment, however, on how best to delineate the appropriate size of a core area in order to guard against inefficient spectrum use or warehousing. Should the core area consist of a minimum percentage of the overall licensed area? Are there other minimum metrics we could set to achieve Commission goals? We also seek comment on whether to adopt a minimum signal level or other requirements to define this core usage area. Are there other minimum requirements that we should impose to delineate the core area of operations? Is it most efficient for licensees to provide maps and engineering showings confirming where the spectrum is in use, or should licensees define this area using other methods when making a certification to the Commission?

We also propose that licensees define an expansion zone into which the usage area may extend in the future or certify that they do not require such a zone based on network plans. Given the goals of this proceeding, we propose that this zone would be a nominal area, and seek comment on how to define this area in a way that avoids spectrum warehousing. How should the Commission evaluate the permissible size and boundaries of this area to avoid potential abuse, while permitting flexibility to account for expansion to meet future business communications needs? Should there be additional certifications, notices, or deadlines for the usage of a defined expansion area? Commenters should provide specific metrics where possible to describe how the Commission should define the expansion zone to best achieve our goal of providing certainty, while maintaining licensee flexibility. For both the core and expansion zones, we seek additional comment on whether to establish deadlines for licensees to meet their usage obligations in these

respective zones. Should licensees be required within a certain period of time to complete core and expansion construction? What is the appropriate timeframe for construction of each of these areas to ensure that licensees are carrying out core operations and expansion plans in these respective zones?

Finally, we propose that licensees should be given flexibility to define a reasonable protection zone surrounding the core usage and expansion zones, up to the license boundary, in order to provide interference protection, consistent with the established service rule-based protection criteria, for the licensee and neighboring licensees. This approach would allow licensees greater flexibility to place transmitters according to business needs without having to provide commercial-grade signal coverage at the very edge of their license boundary. We note that this is the same flexibility provided today in radio services that require coverage of a population percentage within the licensed area, not coverage to the entire licensed area. We clarify, however, that licensees operating under this proposed framework would nonetheless be required to meet the applicable co-channel and adjacent channel protection criteria set forth in the relevant radio service rules (e.g., a signal strength at the boundary, or maintaining a service/interfering contour). We seek comment on how best to define this protection area, including addressing how any definition would continue to protect for system expansion. In particular, we ask commenters to provide input regarding how the appropriate size of any protection area relates to promoting spectrum use in the core and expansion usages area, while not resulting in spectrum hoarding in a licensed area. As stated, this framework could substantially benefit licensees seeking to provide private internal communications, and is likely to provide clarity regarding stakeholder rights and

responsibilities associated with secondary market transactions. This regulatory relief, however, might also benefit licensees intending to use spectrum to meet private, internal communication needs, but that acquired their authorizations at auction. Should we apply this framework to licenses acquired at auction, in addition to licenses acquired through the secondary markets? Would a three-zone approach that contemplates coverage of all geography in a license area provide stakeholders with the requisite flexibility when applied to potentially larger license sizes available in certain auctions?

We believe the alternative standard should be codified in part 1 of our rules, within the existing renewal standard. 47 CFR 1.949 and 1.950. We seek comment, however, on the most appropriate location for these proposed rule changes. Are Commission rule §§ 1.949 and 1.950 the appropriate place to amend our performance rules to facilitate administrative ease without creating confusion for licensees over Commission requirements? In the alternative, rather than creating a general rule applicable to all WRS licensees, regardless of spectrum band, should we amend our rules for affected services with a service-specific exception?

Similarly, and given that the current technical standards and protections at the boundary of a partitioned or disaggregated license are service-specific, we seek comment on whether to consider changes to any of these rules for ECIP licensees in particular. Are the current protections adequate for the types of licensees we consider here? What changes, if any, should the Commission consider in order to allow these networks to meet construction requirements yet avoid harmful interference?

Alternate Use or Share Safe Harbor. Commenters note the existence of a variety of enterprises in rural areas that serve critical industries and locations, such as hospitals,

school campuses, public safety facilities, and mining and farming concerns. Some commenters argue that, given the nature of private enterprise networks, the construction and renewal requirements could be fulfilled as long as licensees make use of the spectrum to meet communications needs at any place within the geographic license area, regardless of population or geographic coverage. We find this standard to be overbroad and contrary to the goals of this proceeding, as it could incentivize spectrum warehousing and result in transactions for areas substantially larger than required to meet an entity's communications needs.

We seek comment instead on a “use or offer to share” safe harbor metric ^{for} renewal and construction that acknowledges the needs of these types of networks and would facilitate spectrum use. Under this approach, to meet the safe harbor, the licensee would show that: (1) it is using the spectrum in order to meet a private internal need within the licensed area; and (2) it has an ongoing public offering to sell or lease any unused geographic area under reasonable terms and conditions.

We seek comment on specific definitions of the relevant terms and concepts within such a safe harbor. For example, how should the Commission determine whether the terms and conditions are reasonable? Are there specific additional ways to prevent warehousing within this standard? Do commenters believe that this type of standard would continue to allow spectrum warehousing and abuse? Is it more efficient to require return of unused spectrum to Commission inventory for re-licensing, rather than allowing such a safe harbor? Commenters are encouraged to discuss how this proposal could incentivize deployment and spectrum use by the types of private networks for which

alternative metrics are needed. We also seek comment on the costs and benefits of the proposals advanced above and any alternatives raised by commenters.

Ensuring connectivity for all private wireless applications. Many emerging private wireless use cases have the potential to unlock efficiencies in areas that are not only less populated but also associated with more moderate levels of enterprise demand. For example, small farms can still benefit from smart agriculture, just as small businesses in any number of rural industries can leverage wireless technologies to enhance their operations—and increasingly may need to do so to stay competitive as larger firms do the same. Similarly, smart infrastructure, which can be deployed outside of population centers, may not always be operated by a single customer (e.g., a large utility) that can generate a large amount of concentrated demand. To what extent can secondary market transactions fulfill demand for these applications, and to what extent will these applications rely on buildout by the original licensee? Given the centrality of these and similar use cases to the public interest benefits of 5G and other advanced wireless technologies, how can we ensure that our construction requirements, both population-based and alternative, encourage spectrum deployment in all areas with private wireless demand? Should we modify our population-based requirements to ensure that spectrum is available and put to use in these locations? If so, how?

C. Other Efforts to Promote Digital Equity and Inclusion

Finally, the Commission, as part of its continuing effort to advance digital equity for all, including people of color, persons with disabilities, persons who live in rural or Tribal areas, and others who are or have been historically underserved, marginalized, or adversely affected by persistent poverty or inequality, invites comment on any equity-related considerations and benefits (if any) that may be associated with the proposals and

issues discussed herein. Specifically, we seek comment on how our proposals may promote or inhibit advances in diversity, equity, inclusion, and accessibility, as well the scope of the Commission's relevant legal authority.

FEDERAL COMMUNICATIONS COMMISSION

Marlene Dortch,

Secretary.

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